



Presentation of Financial Results for FY 2007 and the Management Plan for FY2008

Notes on forecast

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2008/5/15

DAIKIN INDUSTRIES, LTD.

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Business Results(Company-wide)

. Results for FY2007

Centering on Europe and China, the overseas air-conditioning business has led the whole Company's business results, and remarkably increased revenue and profit have been achieved compared with those of the preceding term.

*Increased profit for fourteen consecutive terms, the greatest sales for eight consecutive terms, and the Company has achieved the greatest profits in operating profit and ordinary profit.

*Also on a former Daikin basis except for the OYL, the sales and operating profit have reached 1,000billion yen and 100billion yen, respectively.

*Ten percent of the operating profit rate has been achieved.

The fixed quantity goal of FUSION 10 for the 2008 business year has been achieved almost one year earlier than we planned. (Though the sales came up a little short, the operating profit exceeded remarkably.)

(Unit: billion yen)

	FY2006			FY2007 Forecast						FY2007			
	Actual results			Original(May.07)		Revised on Aug.		Revised on Nov.		Actual results			
	1st Half	2nd Half	Total	1st Half	Total	1st Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Net sales	113 442.7	117 469.4	115 912.1	145 640.0	140 1280.0	147 650.0	145 1320.0	148 655.5	144 674.5	146 1330.0	148 655.5	135 635.4	142 1290.9
Operating income	(9.3%) 41.3	(8.4%) 39.6	(8.9%) 80.9	(8.1%) 52.0	(7.6%) 97.0	(10.8%) 70.0	(8.9%) 117.0	(12.3%) 80.7	(7.3%) 49.3	(9.8%) 130.0	(12.3%) 80.7	(7.5%) 47.8	(10.0%) 128.5
Ordinary income	(9.4%) 41.7	(7.8%) 36.8	(8.6%) 78.5	(7.5%) 48.0	(6.9%) 88.0	(10.3%) 67.0	(8.3%) 109.0	(11.7%) 76.7	(6.6%) 44.3	(9.1%) 121.0	(11.7%) 76.7	(7.1%) 45.4	(9.5%) 122.1
Net income	(5.4%) 24.0	(4.6%) 21.6	(5.0%) 45.6	(4.4%) 28.0	(4.0%) 51.0	(6.0%) 39.0	(3.9%) 51.0	(7.5%) 49.1	(3.5%) 23.9	(5.5%) 73.0	(7.5%) 49.1	(4.1%) 26.1	(5.8%) 75.2

(%) :Profit margin on sales; ____:Year to Year(net change from the previous fiscal year)

Exchange rate

FY2006

	1st Half	2nd Half	Total
Dollar/Yen	115	119	117
Euro/Yen	146	154	150
THB/Yen	3.1	3.4	3.2

FY2007

	1st Half	2nd Half	Total
Dollar/Yen	119	109	114
Euro/Yen	162	161	162
THB/Yen	3.8	3.5	3.6

Effects of foreign exchange (excluding OYL)

Effects on sales: +34.0 bil.yen

Effects on operating income: +10.0 bil.yen

OYL performance (1st half) (FY2007 actual results)

Sales: 117.5 bil.yen 235.0 bil.yen

Operating Profit: 9.1 bil.yen 17.6 bil.yen

Goodwill: -5.1 bil.yen -10.2 bil.yen

Management Indicator

	FY2006	FY2007
ROA	5.9%	6.3%
ROE	12.3%	15.8%
FCF	1 -244.8 bil.yen	6.1 bil.yen
DVA ²	6.5 bil.yen	6.6 bil.yen

¹ Including OYL acquisition price -246.1 bil.yen

² Daikin Economic Value Added: cost of invested capital calculated at 6%



Results by Segments

. Results for FY2007

(Unit: billion yen)

	FY2006			FY2007					
	Actual Results			Revised forecast(Nov.)			Actual Results		
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
(Air-conditioning)	114	121	117	159	149	154	159	142	150
Net sales	366.4	386.2	752.6	582.7	577.3	1160.0	582.7	549.0	1131.7
Operating income	(9.3%)	(8.7%)	(9.0%)	(13.0%)	(0.7%)	(10.1%)	(13.0%)	(8.9%)	(11.0%)
	34.0	33.5	67.5	75.9	4.1	117.0	75.9	48.6	124.6
(Chemicals)	111	106	108	102	112	107	102	97	100
Net sales	56.1	60.4	116.5	57.4	67.6	125.0	57.4	58.7	116.1
Operating income	(12.3%)	(8.6%)	(10.4%)	(8.9%)	(10.2%)	(9.6%)	(8.9%)	(-2.7%)	(3.0%)
	6.9	5.2	12.1	5.1	6.9	12.0	5.1	-1.6	3.5
(Others)	108	9	98	76	129	104	76	121	100
Net sales	20.2	22.9	43.1	15.4	29.6	45.0	15.4	27.7	43.1
Operating income	(2.0%)	(4.0%)	(3.1%)	(-2.1%)	(4.5%)	(2.2%)	(-2.1%)	(2.6%)	(0.9%)
	0.4	0.9	1.3	-0.3	1.3	1.0	-0.3	0.7	0.4
(Total)	113	117	115	148	144	146	148	135	142
Net sales	442.7	469.4	912.1	655.5	674.5	1330.0	655.5	635.4	1290.9
Operating income	(9.3%)	(8.5%)	(8.9%)	(12.3%)	(7.3%)	(9.8%)	(12.3%)	(7.5%)	(10.0%)
	41.3	39.7	80.9	80.7	49.3	130.0	80.7	47.8	128.5

(%) = Percentage of Income to Net Sales

(%) = Year to Year (net change from the previous fiscal year)

Air Conditioning

(Unit: billion yen)

Domestic Sales	106	103	104	107	114	110	107	104	105
	183.1	170.5	353.6	195.1	194.9	390.0	195.1	177.5	372.6
Overseas Sales	124	139	132	211	177	193	211	172	190
	183.3	215.7	399.0	387.6	382.4	770.0	387.6	371.5	759.1
Overseas Sales ratio	50%	56%	53%	67%	66%	66%	67%	68%	67%

Chemicals

Domestic Sales	107	11	110	105	105	105	105	96	100
	23.6	26.0	49.6	24.8	27.2	52.0	24.8	25.0	49.8
Overseas Sales	114	102	108	100	117	109	100	98	99
	32.5	34.5	66.9	32.6	40.4	73.0	32.6	33.7	66.3
Overseas Sales ratio	58%	57%	57%	57%	60%	58%	58%	57%	57%

Total

Domestic Sales	106	10	104	104	114	109	104	105	104
	225.3	217.4	442.7	233.6	248.4	482.0	233.6	227.8	461.4
Overseas Sales	123	132	128	194	169	181	194	162	177
	217.4	252.1	469.5	421.8	426.2	848.0	421.8	407.7	829.5
Overseas Sales ratio	49%	54%	51%	64%	63%	64%	64%	64%	64%

Domestic Air-conditioning

Unit sales of Air-conditioners for the entire domestic AC market (Unit: 1000units)

[Daikin's estimate]

	FY2006			FY2007		
	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Residential	(100%)	(97%)	(99%)	(98%)	(107%)	(101%)
	5,132	2,322	7,455	5,009	2,484	7,493
Commercial	(97%)	(97%)	(97%)	(97%)	(97%)	(97%)
	432	349	781	418	340	757

Unit sales of the Company
in FY2007 (Year-on-year change)
Residential-use : 97%
Commercial-use : 95%

The demand in the industry came up short of that of last year for business use as a result of business slowdown; however, it exceeded that of the last year during the whole year for housing use, since the demand remained strong for the use of heating in the latter half of the year. Though the Company's sales quantity came up short of that of last year in both business and housing use, our sales exceeded that of last year as a result of sales increase policy laying emphasis on differentiated product proposal business. The innovation business has developed favorably.

The profit has also exceeded that of last year on account of the promulgation of the price maintenance policy and the sales increase in high value added products.

Overseas Air-conditioning

Overseas sales in air-conditioning[FY2007 first half]

Year-on-year change: 190% (Europe:153%, China:174%, Asia:234%)

In Europe, sales have increased owing to the flexible supply and sale in response to the enlarged demand as a result of sales network reinforcement and the nearest production base by the establishment of the Czech plant, the synergy creation by Daikin-McQuay (Applied), and the favorable sale of heating apparatuses.

In China, while demand has slowed down in metropolises, sales were increased by developing new sales network reinforcement such as pro-shops.

In provincial cities, where demand is increasing, in addition to the VRV, sales have increased by the product strategy that is suited to different regional characteristics.

Sales have remarkably exceeded those of last year, since a wide assortment of Applied has contributed in cooperation with McQuay.

In ASEAN and Oceania, Centering on Australia, Singapore and Thailand, the business has remained favorable.

In the USA, the business has remained favorable in both ductless and Applied due to attempts to construct sales networks, train and strengthen SE, and reinforce service systems.

The VRV has increased in demand and sales due to extreme awareness of energy saving and environmental restrictions supplying a nice tailwind.



Results by Segments

. Results for FY2007

(Unit: billion yen)

	FY2006			FY2007					
	Actual Results			Revised forecast(Nov.)			Actual Results		
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
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	34.0	33.5	67.5	75.9	4.1	117.0	75.9	48.6	124.6
(Chemicals)	111	106	108	102	112	107	102	97	100
Net sales	56.1	60.4	116.5	57.4	67.6	125.0	57.4	58.7	116.1
Operating income	(12.3%)	(8.6%)	(10.4%)	(8.9%)	(10.2%)	(9.6%)	(8.9%)	(-2.7%)	(3.0%)
	6.9	5.2	12.1	5.1	6.9	12.0	5.1	-1.6	3.5
(Others)	108	9	98	76	129	104	76	121	100
Net sales	20.2	22.9	43.1	15.4	29.6	45.0	15.4	27.7	43.1
Operating income	(2.0%)	(4.0%)	(3.1%)	(-2.1%)	(4.5%)	(2.2%)	(-2.1%)	(2.6%)	(0.9%)
	0.4	0.9	1.3	-0.3	1.3	1.0	-0.3	0.7	0.4
(Total)	113	117	115	148	144	146	148	135	142
Net sales	442.7	469.4	912.1	655.5	674.5	1330.0	655.5	635.4	1290.9
Operating income	(9.3%)	(8.5%)	(8.9%)	(12.3%)	(7.3%)	(9.8%)	(12.3%)	(7.5%)	(10.0%)
	41.3	39.7	80.9	80.7	49.3	130.0	80.7	47.8	128.5

(%) =Percentage of Income to Net Sales

(%) =Year to Year(net change from the previous fiscal year)

Air Conditioning

(Unit: billion yen)

	106	103	104	107	114	110	107	104	105
Domestic Sales	183.1	170.5	353.6	195.1	194.9	390.0	195.1	177.5	372.6
Overseas Sales	124	139	132	211	177	193	211	172	190
Overseas Sales ratio	50%	56%	53%	67%	66%	66%	67%	68%	67%

Chemicals

	107	11	110	105	105	105	105	96	100
Domestic Sales	23.6	26.0	49.6	24.8	27.2	52.0	24.8	25.0	49.8
Overseas Sales	114	102	108	100	117	109	100	98	99
Overseas Sales ratio	58%	57%	57%	57%	60%	58%	58%	57%	57%

Total

	106	10	104	104	114	109	104	105	104
Domestic Sales	225.3	217.4	442.7	233.6	248.4	482.0	233.6	227.8	461.4
Overseas Sales	123	132	128	194	169	181	194	162	177
Overseas Sales ratio	49%	54%	51%	64%	63%	64%	64%	64%	64%

Chemical

Profit has decreased sharply because the investment was not recovered owing to the heavy fixed cost due to active global production base expansion, prior investment for usage development and safety measure investment. The Company was delayed in the sales policy development of fluororesin for LAN cables and water-repellent for carpets used by the housing industry in the USA. This year, opportunity losses were caused by the problem with certain equipment in the production process of high-profit resin (ETFE) of Daikin America, Inc. In the meantime, for the purpose of future constitutional reinforcement, such structural reforms as production adjustment and dead stock destruction were conducted.

Others

With reference to the hydraulic machine business, though the sales of industrial hydraulic machines have increased by putting differentiated products onto the market, the sales of building hydraulic machines have remained on the same level as those of last year owing to a decrease in demand for the USA. Profit has come up short of that of last year due to depreciation in the lump sum of the goodwill in connection with the acquisition of All World Machinery, Inc. in the USA.

Defense Business was almost as we planned.



Profit and Loss Statement

. Results for FY2007

(Unit: billion yen)

	FY2006	FY2007	Year-on-year change
Net sales	<u>115</u> 912.1	<u>142</u> 1,290.9	+378.8
Cost of sales	(65.7%) 599.1	(65.8%) 849.0	(+0.1%) +249.9
Gross profit	(34.3%) 313.0	(34.2%) 441.9	(-0.1%) +128.8
Selling, general and Administrative expenses	(25.4%) 232.1	(24.3%) 313.4	(-1.2%) 1 +81.3
Operating Income	(8.9%) 80.9	(10.0%) 128.5	(+1.1%) 2 +47.6
Interest	-4.55	-7.52	-2.97
Exchange gains or losses	+0.69	-0.44	-1.13
Other non-operating gains or losses	+1.39	+1.57	+0.19
Ordinary Income	(8.6%) 78.5	(9.5%) 122.1	(+0.9%) +43.6
Extraordinary gains or losses	4.8	-3.6	3 -8.4
Income before Income Taxes	(9.1%) 83.3	(9.2%) 118.5	- +35
Corporate taxes, etc.	-34.8	-40.1	-5.3
Minority interest	-2.9	-3.2	-0.3
Net Income	(5.0%) 45.6	(5.8%) 75.2	(+0.8%) +29.6

1 Primary factor of increase in the selling, general and administrative expenses

Effects of consolidating OYL : +41.8 bil.yen
 Depreciation of OYL's goodwill : +10.2 bil.yen
 Sales promotion expense : +4.4 bil.yen
 Shipping cost : +4.4 bil.yen
 Labor cost : +5.2 bil.yen

2 Breakdown of changes in operating income please refer to page

3 Breakdown of Extraordinary Gains or Losses

[Unit: billion yen] FY06 FY07
 Appraised profit by FX hedge of funds: 4.2 (+4.2 0)
 Gain on ending retirement benefit scheme: 0.7 (+0.7 0)
 Gain on transfer of system of mechanical parking equipment maintenance business: 0.7 (+0.7 0)
 Loss from revaluation of securities : 2.4 (0 2.4)

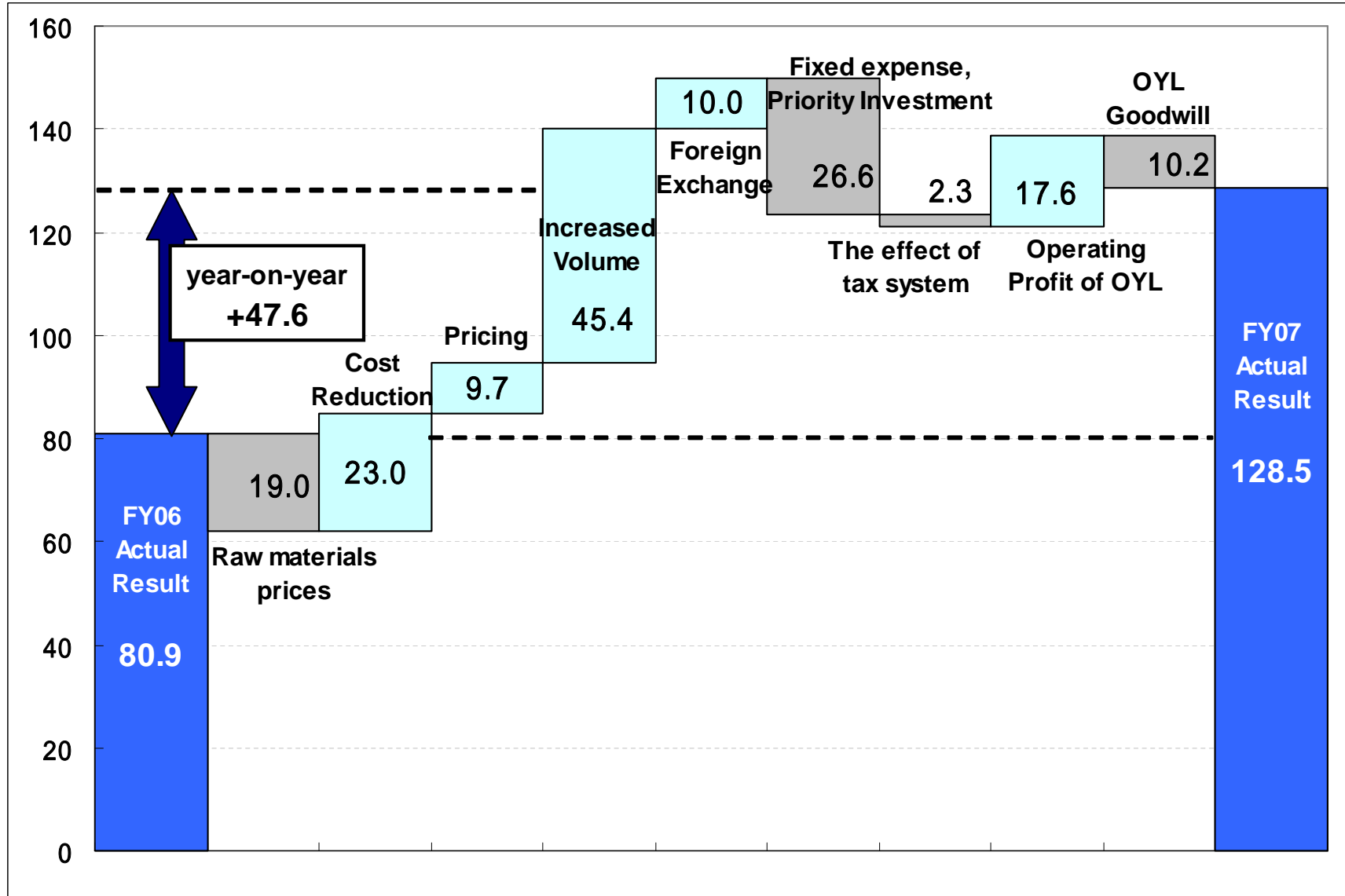


Profit and Loss Statement

. Results for FY2007

FY2007 Actual Results : Breakdown of Operating Profit

[Unit: billion yen]





Balance Sheets

. Results for FY2007

□ :Retaining periods [Unit: billion yen]

	Mar. 07	Mar. 08	Year-on-year change
Cash and cash equivalents	83.9	111.7	+27.7
Receivables	66日 210.6	64日 226.9	2 1 +16.3
Inventories	71日 214.5	68日 239.4	3 2 +24.8
Fixed assets	456.5	451.0	3 -5.5
Investment and others	137.5	121.3	-16.2
Others	61.6	63.4	+1.8
Total assets	1,164.6	1,213.6	+49.1

Trade payables (Interest-bearing)	121.8 (39.2%)	128.2 (29.4%)	+6.4
Interest-bearing	456.1	356.9	4 -99.1
Others	173.6	165.0	-8.6
Total liabilities	751.5	650.1	-101.4

(Equity ratio)	(34.4%)	(45.3%)	
Total equity	400.7	549.2	5 +148.5
Share Warrant	0.2	0.5	+0.3
Minority interests	12.2	13.8	+1.6
Total net assets	413.1	563.6	+150.4

Total	1,164.6	1,213.6	+49.1
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1 Receivables: Daikin Europe: + 9.5 bil.yen , OYL Group +3.1 bil.yen ,
Daikin Industries Thailand +3.1 bil.yen

2 Inventories : Daikin Europe: +22.3 bil.yen , OYL Group +2.0 bil.yen

3 Changes of Capital expenditure

[Unit: billion yen]	FY2005	FY2006	FY2007
Capital expenditure	497	411	515
Depreciation	284	329	389

4 Breakdown of interest-bearing debt

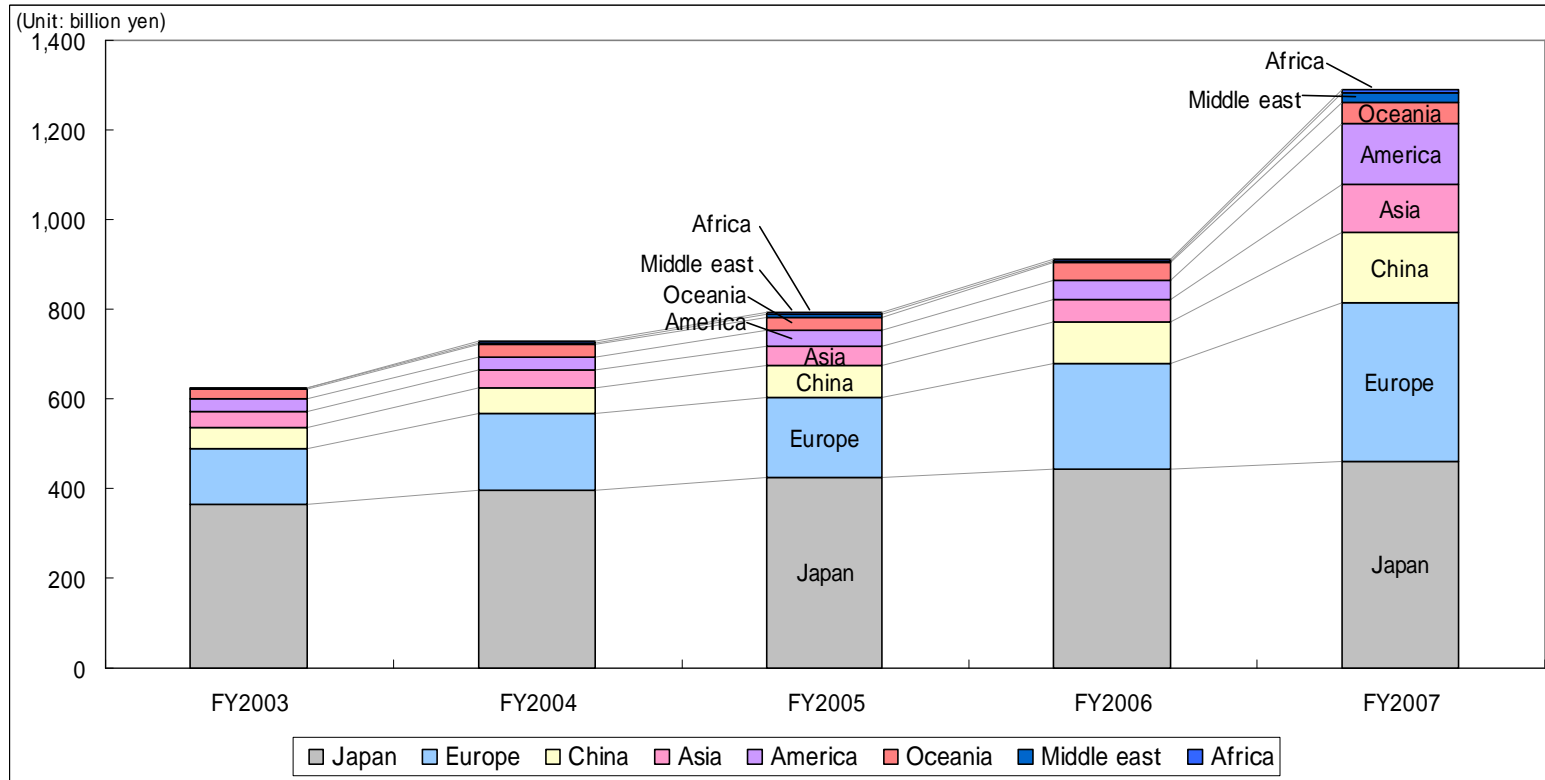
[Unit: billion yen]	Mar.07	Mar.08	YonY change
Short-term borrowings	287.8	74.0	▲ 213.8
C P	89.0	58.0	▲ 31.0
Long-term borrowings	59.3	205.0	+145.7
Bonds	20.0	20.0	+0.0
Total A	456.1	356.9	▲ 99.1

Cash and cash equivalent B	83.9	111.7	+27.7
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5 Capital increase by public stock offering : +114.0 bil.yen

Sales by region (Company-wide)

. Results for FY2007



[Unit: billion yen]

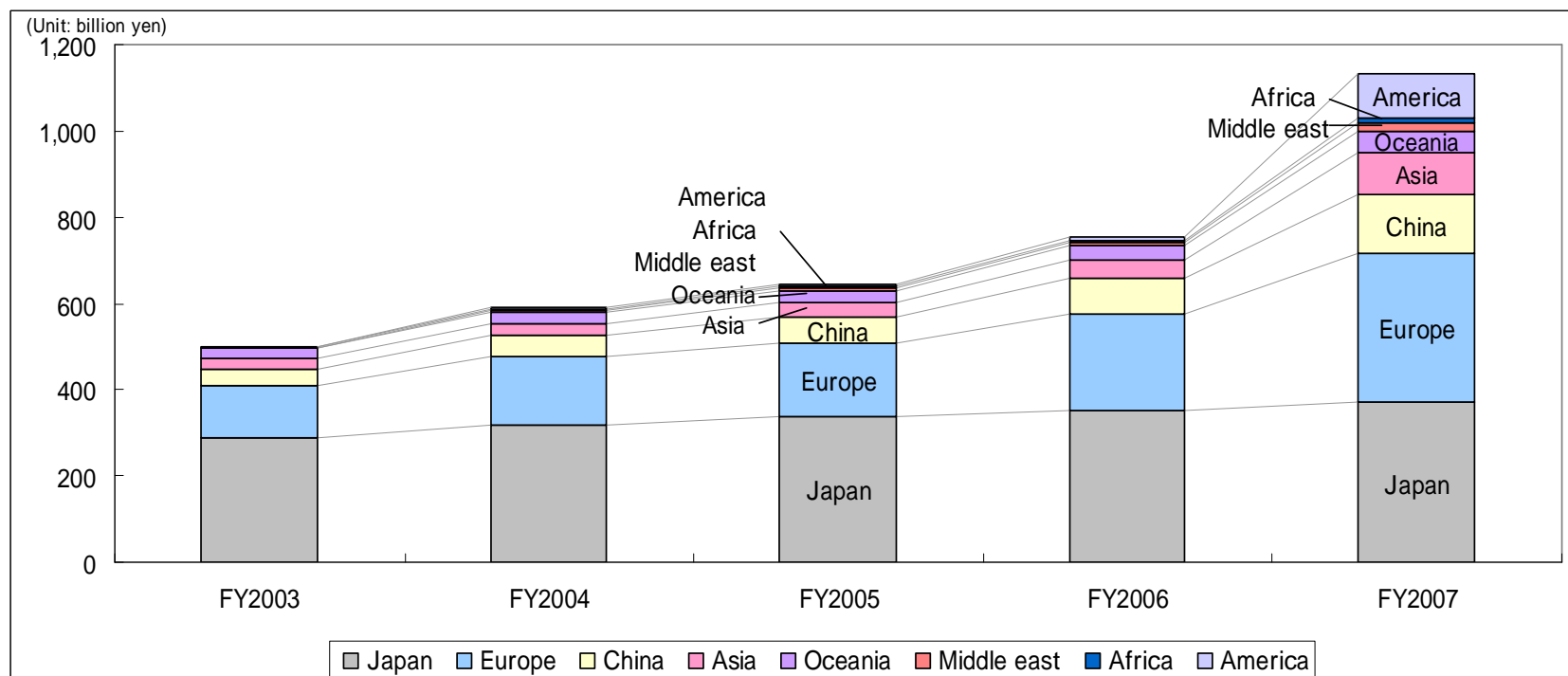
	FY2003		FY2004		FY2005		FY2006		FY2007		FY2008	
Japan	101%	362.6	110%	397.6	107%	425.4	104%	442.7	104%	461.4	109%	502.0
Europe	129%	126.2	134%	168.8	106%	178.8	131%	235.0	151%	354.6	109%	386.0
China	121%	47.5	124%	58.9	121%	71.2	130%	92.8	166%	153.8	112%	173.0
Asia	129%	34.8	108%	37.4	114%	42.6	122%	52.1	210%	109.4	105%	115.0
America	99%	27.3	117%	31.8	114%	36.4	119%	43.2	310%	134.2	107%	143.0
Oceania	134%	22.1	125%	27.6	107%	29.6	122%	36.1	134%	48.3	102%	49.0
Middle east	69%	2.9	126%	3.6	134%	4.9	123%	6.0	335%	20.2	109%	22.0
Africa	110%	2.5	126%	3.1	131%	4.1	104%	4.3	214%	9.1	110%	10.0
Total	109%	625.7	116%	728.9	109%	792.9	115%	912.1	142%	1,290.9	108%	1,400.0

Overseas sales ratio	42%	45%	46%	51%	64%	64%
FX Rate (USD/Yen)	¥113	¥108	¥113	¥117	¥114	¥100
(EUR/Yen)	¥133	¥135	¥138	¥150	¥162	¥155



Sales by Region(Air-conditioning)

. Results for FY2007

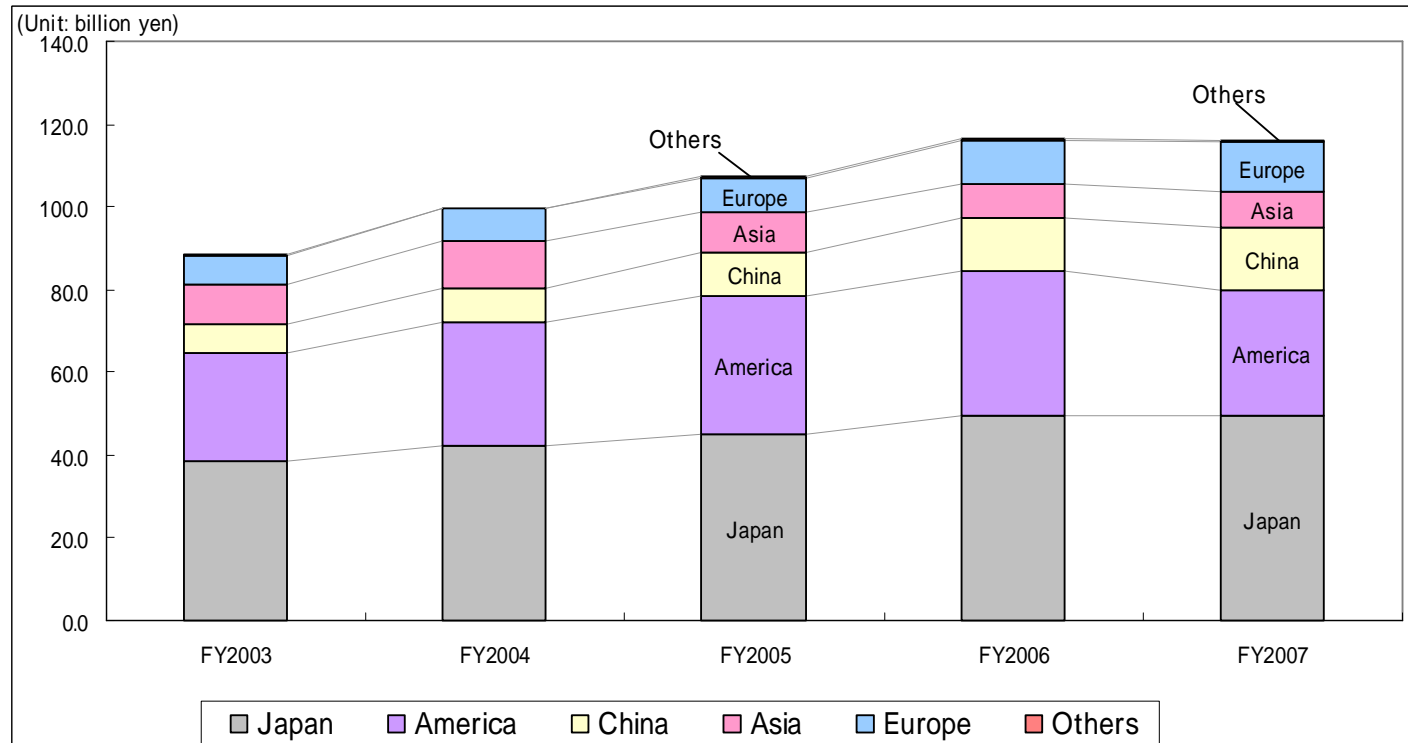


	FY2003		FY2004		FY2005		FY2006		FY2007		OYL (Estimate)	FY2008	
Japan	101%	289.3	110%	316.9	107%	338.4	104%	353.6	105%	372.6	—	111%	412.0
Europe	132%	118.9	135%	160.8	106%	170.1	131%	223.7	153%	341.3	51.7	109%	371.0
China	117%	40.3	125%	50.2	120%	60.3	132%	79.6	174%	138.2	29.8	112%	155.0
Asia	126%	24.3	105%	25.4	125%	31.8	134%	42.5	234%	99.4	42.5	104%	103.0
Oceania	134%	22.0	125%	27.5	107%	29.5	122%	35.9	134%	48.1	5.0	102%	49.0
Middle east	69%	2.8	124%	3.5	136%	4.7	124%	5.9	343%	20.1	11.2	109%	22.0
Africa	111%	2.5	126%	3.1	131%	4.1	104%	4.2	214%	9.1	2.7	110%	10.0
America	156%	1.2	162%	1.9	150%	2.8	255%	7.2	1439%	102.9	92.0	107%	110.0
Total	110%	501.2	118%	589.3	109%	641.7	117%	752.6	150%	1,131.7	235.0	109%	1,232.0
Overseas sales ratio		42%		46%		47%		53%		67%			67%
FX Rate (USD/Yen)		¥113		¥108		¥113		¥117		¥114			¥100
(EUR/Yen)		¥133		¥135		¥138		¥150		¥162			¥155



Sales by Region (Chemicals)

. Results for FY2007



[Unit: billion yen]

	FY2003		FY2004		FY2005		FY2006		FY2007		FY2008	
Japan	103%	38.6	110%	42.3	107%	45.2	110%	49.6	100%	49.8	100%	50.0
America	98%	25.9	115%	29.7	111%	33.1	106%	35.0	86%	30.0	100%	30.0
China	153%	6.9	121%	8.3	127%	10.6	120%	12.7	118%	15.0	113%	17.0
Asia	133%	9.8	116%	11.4	88%	10.0	85%	8.5	104%	8.8	113%	10.0
Europe	96%	7.1	109%	7.7	107%	8.3	128%	10.5	116%	12.2	107%	13.0
Others	107%	0.1	153%	0.2	108%	0.2	104%	0.2	71%	0.2	-	0.0
Total	106%	88.5	113%	99.6	108%	107.4	108%	116.5	100%	117.0	103%	120.0

Overseas sales ratio	56%	58%	58%	57%	57%	58%
FX Rate (USD/Yen)	¥113	¥108	¥113	¥117	¥114	¥100
(EUR/Yen)	¥133	¥135	¥138	¥150	¥162	¥155



Management Plan(Company-wide)

. Management Plan for FY08

For this business year, while we foresee a more severe business environment caused by the effect of the sub-prime loan problem on the real economy, great yen scale down and high raw material costs, we are aiming at achieving the fifteenth term of consecutive increased profit and reaching the ninth term of consecutive greatest profit with further enlargement of the global business as our core activity by total reduction in cost absorbing high raw material costs and fixed cost cut down conducted by the whole group of the Company.

*To increase revenue and profit by 108% in sales and 109% in operating profit

*To secure 10% of operating profit rate

[Unit: billion yen]

	FY2006			FY2007			FY2008 Plan		
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	1st Half	2nd Half	Total
Sales	[113%] 442.7	[117%] 469.4	[115%] 912.1	[148%] 655.5	[135%] 635.4	[142%] 1,290.9	[104%] 682.0	[113%] 718.0	[108%] 1,400.0
Operating Profit	(9.3%) 41.3	(8.5%) 39.7	(8.9%) 80.9	(12.3%) 80.7	(7.5%) 47.8	(10.0%) 128.5	(11.4%) 78.0	(8.6%) 62.0	(10.0%) 114.0
Ordinary Profit	(9.4%) 41.7	(7.8%) 36.8	(8.6%) 78.5	(11.7%) 76.7	(7.1%) 45.4	(9.5%) 122.1	(10.9%) 74.5	(8.1%) 58.5	(9.5%) 133.0
Net Profit	(5.4%) 24.0	(4.6%) 21.6	(5.0%) 45.6	(7.5%) 49.1	(4.1%) 26.1	(5.8%) 75.2	(7.0%) 47.5	(4.8%) 34.5	(5.9%) 82.0

1 Breakdown of changes in operating Profit please refer to page

(%) =Percentage of Income to Net Sales

[%] =Year to Year(net change from the previous fiscal year)

Capital expenditure and Depreciation

[Unit: billion yen]	FY2006	FY2007	FY2008 Plan
Capital expenditure	41.1	51.5	65.0
Depreciation	32.9	38.9	45.0

R&D cost

[Unit: billion yen]	FY2006	FY2007	FY2008 Plan
R&D cost	27.2	31.7	35.0

Exchange rate

	FY2007			FY2008 Plan
	1st Half	2nd Half	Total	Total
USD/Yen	119	109	114	100
EUR/Yen	162	161	162	155
THB/Yen	3.5	3.4	3.6	3.2

Impact of FY2008 foreign exchange fluctuations

(impact of change by one yen)

1 US \$: 0.6 billion yen

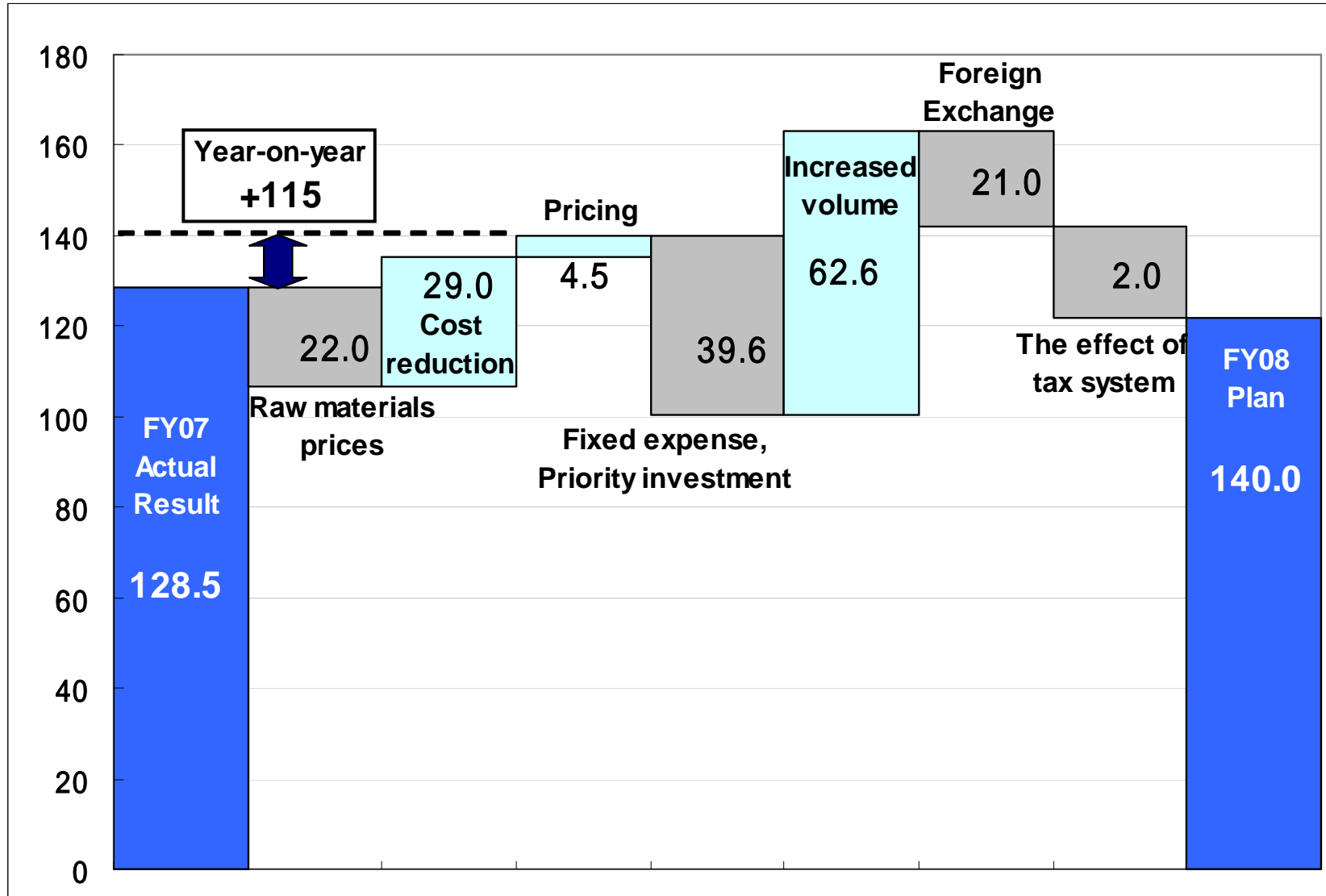
1 EURO: 0.6 billion yen



Management Plan(Company-wide)

. Management Plan for FY08

FY2008Plan : Breakdown of Operating Profit



[Unit: billion yen]

Management Plan by Segments

. Management Plan for FY08

[Unit: billion yen]

	FY2006	FY2008 Plan
Air conditioning	[150%]	[109%]
Sales	1,131.7 (11.0%)	1,232.0 (10.7%)
Operating income	124.6	131.5
Chemicals	[100%]	[103%]
Sales	116.1 (3.0%)	120.0 (5.8%)
Operating income	3.5	7.0
Others	[100%]	[111%]
Sales	43.1 (0.9%)	48.0 (3.1%)
Operating income	0.4	1.5
Total	[142%]	[108%]
Sales	1,290.8 (10.0%)	1,400.0 (10.0%)
Operating income	128.5	140.0

Air Conditioning

	FY2006	FY2008 Plan
Domestic Sales	[105%] 372.6	[111%] 412.0
Overseas Sales	[190%] 759.1	[108%] 820.0
Overseas Sales ratio	67%	67%

Chemicals

	FY2006	FY2008 Plan
Domestic Sales	[100%] 49.8	[100%] 50.0
Overseas Sales	[99%] 66.3	[106%] 70.0
Overseas Sales ratio	57%	58%

Total

	FY2006	FY2008 Plan
Domestic Sales	[104%] 461.4	[109%] 502.0
Overseas Sales	[177%] 829.5	[108%] 898.0
Overseas Sales ratio	64%	64%

(%) = Percentage of Income to Net Sales

[%] = Year to Year (net change from the previous fiscal year)

Domestic Air-conditioning

We aim at a sales increase by further polishing the collective strength consisting of the Company's strong points such as efficient sales systems, product quality, service and production response, and by conducting solution type proposal business with distributors as one.

*The complete maintaining of the PA and RA sales prices, increase in the PA and RA sales

-Further reinforcement of collective strength (sales systems, product quality, service and production response)

-Reinforcement of products laying emphasis on replacement demand and high value added products

*Enlargement of eco cute and air business for which demand increase is expected

*Enlargement of solution business including maintenance, construction work, and part and component sale aiming at a total solution provider.

Trends in market demands (1,000 units)

	FY2006	FY2007	FY2008 Plan
Residential	(99%) 746	(101%) 749	(97%) 730
Commercial	(97%) 78.1	(97%) 75.7	(95%) 72.1

Daikin's unit sales plan

(in comparison with the same term previous year)

Residential-use 109%

Commercial-use 103%

Personal spendings (Year-on-year change)

FY2007 Forecast	FY2008 Prospect
101.2%	100.9%

New housing starts (Year-on-year change)

FY2007 Results	FY2008 Prospect
82.0%	105.0%

Private sector capital investment (Year-on-year change)

FY2007 Forecast	FY2008 Prospect
100.9%	101.7%

Floor areas of new construction of commercial building [less than 3,000m²] (Year-on-year change)

FY2007 Results	FY2008 Prospect
81.9%	103.0%

Overseas Air-conditioning

Further sales increase in each region including Europe and China, and to accelerate the work for the creation of the OYL synergy

(Europe)

*To work more on emerging markets in which economic growth is remarkable (Russia, CIS/Middle East, Turkey, Africa)

*Reinforcement of proposal ability for family to large type air conditioners utilizing McQuay's strong point, large type AC

*Sales increase in Altherma (heat pump type hot water floor heating) in heater markets

(China)

*Sales increase from metropolises to provincial cities laying emphasis on the VRV for business use

*Forming new sales networks in response to changes in markets

*Commodity strategy development leading the environment (the energy saving INV, new refrigerants and heating)

*To work more earnestly on Applied and low-end machine markets

(Asia and Oceania)

*Reinforcement of sales networks and putting differentiated products onto the market in chief countries in ASEAN and Oceania

*To accelerate business development in developing countries (Malaysia, Vietnam and Indonesia)

*Large-scale entry into Applied markets

(America)

*To improve sales networks by pushing forward with McQuay reps development, by improving the SE spec-in ability, and by further developing distributor networks

*To accelerate the launch of ductless and VRV products onto the market in response to market needs

*Reinforcement of product competitiveness in Applied markets



Management Plan by Segments

. Management Plan for FY08

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[%]=Year to Year(net change from the previous fiscal year)

Chemicals

To push forward with drastic business reform and to work on business enlargement
(in addition to reduction of inventory and thoroughly cutting down on fixed costs, reinforcement of business, product development and manufacturing ability)

*Enlargement of the existing business laying emphasis on five main products

*To push forward with utility development in such important fields as automobiles and semiconductors, and sales increase in the USA and China

*To restrain new plant investment, to cut down on expenses and to improve personnel efficiency

*Reduction in cost to cope with the effect of sharp rise of raw material costs and foreign exchange fluctuations

Demands for all fluorochemical products (Year-on-year change)

FY2007	FY2008 Prospect
101%	96%

Demands for semiconductor related products out of overall demand (Year-on-year change)

FY2007	FY2008 Prospect
100%	100%

Demands for FEP in USA out of overall demand (Year-on-year change)

FY2007	FY2008 Prospect
103%	102%

Others

Oil hydraulics business

(Industrial-use oil hydraulic equipment)

*Seizing the opportunity of the need for enhanced environmental measures, to reinforce business by continuously creating "hybrid hydraulic products" making use of the Company's own air-conditioning technology (energy saving motor inverter technology)

*To accelerate global development in three chief regions, China, North America and Europe

*Sales increase in the USA through acquisition of All World Machinery, Inc.

(Construction machinery/oil hydraulic equipment for vehicles)

*Entry into the global construction machine and vehicle market with the development of hybrid products as our core activity

*To realize the Asian No. 1 share in the HST market by further expansion of the construction machine joint venture business with Saur-Danfoss (established in 2001)

Defense Business

*To work to enlarge civilian requirement business (including home oxygen medical care field) while the sales in military business remain negligible.