

Brief Report on the Settlement of Accounts (Consolidated) for the Six Months Ended September 30, 2009

November 10, 2009

Name of Listed Company: **Daikin Industries, Ltd.**

Listed on TSE, OSE

Code No.: 6367

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

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Planned filing date of quarterly report: November 12, 2009

Planned date of start of dividend payment: December 4, 2009

1. Consolidated Business Results for the Six Months Ended September 30, 2009

(From April 1, 2009 to September 30, 2009)

(1) Consolidated Business Results

Note: Amounts less than one million yen are truncated.
Percentages indicate year-over-year increases/decreases.

| | Net sales | | Operating income | | Ordinary income | |
|--------------------------------|-----------------|-------|------------------|-------|-----------------|-------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Six months ended Sep. 30, 2009 | 497,904 | -25.4 | 18,358 | -72.0 | 17,924 | -71.6 |
| Six months ended Sep. 30, 2008 | 667,298 | — | 65,594 | — | 63,083 | — |

| | Net income | | Net income per share | Diluted net income per share |
|--------------------------------|-----------------|-------|----------------------|------------------------------|
| | Millions of yen | % | Yen | Yen |
| Six months ended Sep. 30, 2009 | 10,115 | -74.0 | 34.65 | 34.65 |
| Six months ended Sep. 30, 2008 | 38,944 | — | 133.35 | 133.28 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of Sep. 30, 2009 | 1,159,234 | 509,186 | 42.7 | 1,696.64 |
| As of March 31, 2009 | 1,117,417 | 484,485 | 42.2 | 1,615.98 |

(Reference) Shareholders' equity was ¥495,273 million at September 30, 2009, and ¥471,686 million at March 31, 2009.

2. Dividends

| | Dividend per share | | | | |
|---------------------------------------|--------------------|--------------|----------|--------------|--------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| Year ended March 31, 2009 | Yen — | Yen 19.00 | Yen — | Yen 19.00 | Yen 38.00 |
| Year ending March 31, 2010 | — | 16.00 | | | |
| Year ending March 31, 2010 (forecast) | | | — | 16.00 | 32.00 |

Note: Revisions during the second quarter, ended September 30, 2009, to the prospective dividends: Yes

3. Prospective Consolidated Business Results for the Year Ending March 31, 2010 (From April 1, 2009 to March 31, 2010)

Note: Percentages indicate year-over-year increases/decreases.

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------|-----------------|-------|------------------|-------|-----------------|-------|-----------------|-------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 1,040,000 | -13.5 | 40,000 | -34.8 | 36,000 | -30.8 | 14,000 | -35.6 | 47.96 |

Note: Revisions during the second quarter, ended September 30, 2009, to the prospective consolidated business results: Yes

4. Other

- (1) Changes in Significant Subsidiaries during the Term (Changes in Specified Subsidiaries Resulting in Change in Scope of Consolidation): None
- (2) Adoption of the Simplified Accounting Treatment and the Accounting Standards for Preparation of Quarterly Consolidated Financial Statements: Yes
(For details, please see "4. Others" of "Qualitative Information, Financial Statements, etc.")
- (3) Changes in Principles, Procedures and Representation of Accounting Procedures Relating to Preparation of Quarterly Consolidated Financial Statements (which are stated in the "Changes in the Basis for Preparation of Quarterly Consolidated Financial Statements")
 - (i) Changes relating to revisions to accounting standards, etc.: No
 - (ii) Changes other than (i) above: No
- (4) Number of Shares Issued (common stock)
 - (i) Number of shares issued at term-end (including treasury stock)

| | |
|--------------------------|-------------|
| As of September 30, 2009 | 293,113,973 |
| As of March 31, 2009 | 293,113,973 |
 - (ii) Number of shares of treasury stock at term-end

| | |
|--------------------------|-----------|
| As of September 30, 2009 | 1,199,747 |
| As of March 31, 2009 | 1,225,087 |
 - (iii) Average number of shares during the six months

| | |
|--------------------------|-------------|
| As of September 30, 2009 | 291,901,637 |
| As of September 30, 2008 | 292,040,343 |

Explanation about the Appropriate Use of the Business Forecasts and Other Noteworthy Points

The forecasts given above are based on data available at the time of the release of this document and assumptions that are deemed reasonable. Actual results may differ from forecasts due to various uncertain factors. See "3. Qualitative Information Regarding the Prospective Consolidated Business Results" of "Qualitative Information, Financial Statements, etc." for assumptions underlying the above forecasts and precautions regarding their use.

Qualitative Information, Financial Statements, etc.

1. Qualitative Information Regarding Consolidated Operating Results

During the term of this Fiscal 2009 Second Quarter Statements of Income (April 1, 2009, to September 30, 2009), a view emerged that the economic downturn beginning last year in the global economy had ended in part due to the large-scale economic measures taken by major nations; however, the pace of recovery differed among countries and regions. While the economies of emerging nations such as China and India remained robust and supported the global economy, developed nations still faced economic risks, as shown by the deterioration in employment outlook.

Similarly, in Japan, despite the growing view from increased production and exports that the domestic economy has bottomed out, enduring conditions, such as the weak employment outlook, decline in consumer spending, and advance in the appreciation of the yen, dampen forecasts of the economy moving forward.

In such a business environment, the Daikin Group strived to ensure net sales and profit through measures that 1) aim for higher market share of our existing products, 2) increase sales of environment-focused products having firm demand even in a global recession, and 3) promote further cost reductions. Nevertheless, a decline in demand combined with the effects of foreign exchange translation led to the Group's consolidated net sales declining 25.4% year over year to ¥497,904 million for the term of this Fiscal 2009 Second Quarter Statements of Income.

Consequently, profit substantially fell. Consolidated operating income decreased 72.0% to ¥18,358 million, consolidated ordinary income declined 71.6% to ¥17,924 million and consolidated net income decreased 74.0% to ¥10,115 million.

An overview of results by business segment follows:

(i) Air-Conditioning and Refrigeration Equipment

In the Japanese residential air-conditioning system market, the demand for room air-conditioning systems significantly fell from a year earlier due to weather factors, such as a longer than usual rainy season and record heavy rains, and to sluggish housing starts. Against this backdrop, the Group's sales declined year over year in both sales volume and amount, but sales of such high value-added products as the *URURU SARARA* air-conditioning systems, which are covered by the Eco Action Point Program, largely exceeded the level of the previous year.

In the Japanese commercial air-conditioning system market, the demand for commercial air-conditioning systems was down from that of a year earlier due to lower capital investment and unseasonable weather. Although Group sales fell from the previous year in both volume and amount to reflect the sluggish market demand, there was an increase in sales of our differentiated products targeting replacement demand: *Clean ZEAS-Q*, featuring automatic filter cleaning (commercial air-conditioning systems for stores and offices); *DESICA* commercial-use humidity adjustment air conditioner line, which can humidify and dehumidify without being connected to water pipes and contributes to energy conservation by separately controlling temperature and humidity in combination with multiple air-conditioning systems for office buildings (commercial air-conditioning systems for office buildings); and *Super SRY*, a remote capacitor-type system that helps reduce installation work (commercial air-conditioning systems for industry use).

Overseas, the business environment remained harsh as demand for air conditioners declined in various regions of the world due to the worldwide financial crisis beginning in the latter half of the previous fiscal year and to the economic recession attendant upon that financial crisis. Nevertheless, we made efforts to increase market share of existing products and expand the heating business in various regions of the world. However, partly due to the negative effects of foreign exchange translation resulting from a further appreciation of the yen, the Group's overall overseas sales of air conditioners fell below the level of a year earlier.

In the European market, the Group's residential air conditioner was significantly affected by the worsening of the economic environment, and sales decreased from a year earlier despite having the tailwind of favorable weather in southern Europe. The Group's commercial air conditioner sales also declined due to decreased demand in major countries of Italy, Spain and the United Kingdom. Although we strived to expand the base of our heating business by utilizing Rotex Heating Systems GmbH, a German manufacturer of heating systems acquired in October 2008, heating system sales in the European

market remained flat due to lower demand experienced in the largest market of France. The Group's overall sales in the European market fell sharply below the level of the previous year due to the effects of the foreign exchange translation, reflecting the strong yen and the weak euro, in addition to reduced demand.

In China, the economic recession and the slowdown of the real estate market became noticeable after the 2008 Beijing Olympics, and sales of both residential and commercial air conditioners in the first quarter ended June 30, 2009, fell below the level of a year earlier due to a sharp decline in demand. Sales in China for the second quarter exceeded local currency sales of the corresponding period of the previous fiscal year. This is attributable to signs of recovery in the housing market from the stimulus measures taken by the Chinese government and Daikin activities to expand sales routes to regional cities. Despite these efforts, overall Group sales in China during the six-month period decreased year over year and were partly affected by the higher value of the yen.

Because of the strong appreciation of the yen, the level of sales in the Asia and Oceania markets fell from that of the previous year despite efforts to expand commercial air conditioners. Australia, the main country in the region, was particularly affected in this shrinking market brought about by the recession. Meanwhile, while sales increased in emerging markets such as Vietnam by developing marketing agencies, overall sales in the Asia and Oceania markets decreased year over year.

In the Americas market, sales were almost level with a year earlier due to the enhancement of sales activities targeting government projects backed by the "Green New Deal" stimulus package led by the U.S. administration of President Barack Obama. Though the Group has expertise in this area, the conditions of the housing and construction markets in North America remain severe.

Sales of low-temperature and refrigeration products decreased from a year earlier due to significant decrease in demand, reflecting the worldwide economic recession of the previous year.

Overall sales of the Air-Conditioning and Refrigeration Equipment segment shrank 23.1% to ¥451,698 million, and operating income fell 63.4% to ¥22,723 million.

(ii) Chemicals

Owing to measures to expand sales, some products, including new products for the U.S. LAN market, experienced a recovery in sales from the sharp decline beginning in the second half of last year; however, overall sales of fluorochemicals fell from a year earlier due to sluggish demand in various regions of the world centered mainly in the semiconductor and automobile markets.

Sales of specialty chemicals also experienced growth in demand for some products, but overall demand failed to recover and decreased from the previous year. Sales of oil and water repellent agents, which enjoyed relatively strong sales, were almost at the same level as a year earlier in Japan and the Americas. Semiconductor-etching products indicated a recovery trend from the decline in demand seen occurring in the second half of the previous fiscal year. As a result of development applications, sales of anti-fouling surface coating agents used in devices such as displays increased year over year. In contrast, intermediary compounds in the fine chemicals category saw their sales fall year over year due to the decreased demand.

Sales of fluorocarbon gas decreased year over year due to a decline in demand in the Chinese and Asian markets.

Overall sales of the chemicals segment fell 40.0% to ¥36,559 million. Despite our efforts to reduce costs, we recorded an operating loss of ¥1,873 million, which was largely due to a decrease in sales volume.

(iii) Others

Sales of oil hydraulic equipment for industrial machinery decreased from a year earlier. This was due to decreased demand reflecting a recent sharp decline in capital investment in the Company's main categories of machine tool and general-purpose industrial machinery. Sales of oil hydraulic equipment for construction machinery and vehicles fell year over year, affected by the worldwide sluggish markets and coupled with a decline in demand in the mainstay Japanese market and in the U.S. and European markets.

Sales of the defense systems-related products fell year over year due to a decrease in delivery of ammunition and warheads for guided missiles to the Ministry of Defense.

Overall sales of the 'Others' segment declined 48.3% from the previous year to ¥9,646 million. An operating loss of ¥2,572 million was recorded.

2. Qualitative Information Regarding Consolidated Financial Position

As of September 30, 2009, total assets increased ¥41,816 million from the end of the previous fiscal year to ¥1,159,234 million. Current assets increased ¥32,471 million to ¥564,305 million mainly due to an increase in cash and deposits. Noncurrent assets increased ¥9,345 million to ¥594,929 million primarily as a result of an increase resulting from a change in the market value of investment securities.

Liabilities increased ¥17,115 million to ¥650,047 million mainly owing to the issuance of straight bonds and an increase in borrowings despite a decrease in commercial paper, and the interest-bearing debt ratio rose to 38.0% from 37.4% at the end of the previous fiscal year.

Net assets increased ¥24,700 million to ¥509,186 million, reflecting our posting of a net income for the period and fluctuations in the foreign currency translation adjustment and the valuation difference on available-for-sale securities, despite a decrease of ¥5,545 million resulting from dividend payments.

During the term of this Fiscal 2009 Second Quarter Statements of Income, net cash provided by operating activities was ¥78,452 million, a year-over-year increase of ¥44,255 million, principally deriving from a decrease in accounts receivable and inventories. Net cash used in investing activities was ¥39,552 million, a year-over-year decline of ¥3,015 million, arising from an increase in time deposits with a deposit period of over three months. Net cash provided by financing activities was ¥12,321 million, a year-over-year increase of ¥2,593 million, mainly due to the issuance of straight bonds. As a result, the balance of cash and cash equivalents at the end of the term of this Fiscal 2009 Second Quarter Statements of Income increased ¥52,680 million from the end of the previous fiscal year to ¥157,003 million.

3. Qualitative Information Regarding the Prospective Consolidated Business Results

Taking into account the business results for the six-month period, we have revised net sales, ordinary income and net income in the prospective business results for the year ending March 31, 2010, and announced them on May 12, 2009, as follows.

Although there is a clear recovery trend for demand in China along with signs of recovery in the Asia and Oceania markets, the air conditioner market environment is expected to remain harsh in Europe, North America and Japan in the third quarter. Nonetheless, we have not changed the previously announced operating income target and will strive to achieve it by focusing on efforts to reduce costs and cut fixed costs of the Group as a whole.

The revisions to ordinary income and net income have taken into account the improvement in non-operating income and expenses during the six-month period under review.

Revisions to the Prospective Consolidated Business Results for the Year Ending March 31, 2010
(From April 1, 2009 to March 31, 2010)

(Millions of yen except for per share amounts and percentages)

| | Net sales | Operating income | Ordinary income | Net income | Net income per share (Yen) |
|---|-----------|------------------|-----------------|------------|----------------------------|
| Previous forecasts (A) | 1,070,000 | 40,000 | 34,000 | 12,000 | 41.11 |
| New forecasts (B) | 1,040,000 | 40,000 | 36,000 | 14,000 | 47.96 |
| Increase/decrease (B-A) | -30,000 | — | +2,000 | +2,000 | — |
| Increase/decrease (%) | -2.8% | — | +5.9% | +16.7% | — |
| (Reference) | | | | | |
| Results for the year ended March 31, 2009 | 1,202,419 | 61,394 | 52,007 | 21,755 | 74.51 |

The Company plans to pay an annual cash dividend of ¥32 per share, ¥16 for the interim dividend and ¥16 for the year-end dividend. This is down ¥6 from the previous fiscal year.

The Company intends to provide a stable return to shareholders and take into account consolidated dividend on equity ratio (DOE: 2.0%), consolidated business results, financial position, capital requirements and other factors comprehensively.

The estimated exchange rate in and after the third quarter is based on the assumption that 1 euro equals ¥120 and US\$1 equals ¥90.

*Statements made with respect to expectations and forecasts are forward-looking statements based on information available at present and certain assumptions that we consider reasonable. A number of factors, some major ones of which are explained below, could cause actual results to differ materially from those

discussed in the forward-looking statements:

- Drastic changes in the political and economic situations or in demand for products in the major markets of Japan, Europe, the United States, China and other Asian countries
- Fluctuations in demand for air-conditioning equipment due to unseasonable weather
- Drastic changes in exchange markets (especially the euro and U.S. dollar markets)
- Serious issues related to quality and manufacturing
- Fluctuations in the market value of securities and other assets held by the Company

4. Others

(1) Changes in Significant Subsidiaries during the Term (Changes in Specified Subsidiaries Resulting in Change in Scope of Consolidation):

None

(2) Adoption of the Simplified Accounting Treatment and the Accounting Standards for Preparation of Quarterly Consolidated Financial Statements

[Simplified Accounting Treatment]

(i) Computation method for depreciation of noncurrent assets

The depreciation of noncurrent assets for which the diminishing method is adopted is proportionally divided within the consolidated fiscal year.

[Accounting Standards for Preparation of Quarterly Consolidated Financial Statements]

(i) Computation method for tax expenses

Daikin Industries, Ltd. and most of its consolidated subsidiaries, reasonably estimate the effective income tax rate after adoption of tax-effect accounting for income before income taxes for the consolidated fiscal year ending March 31, 2010, and multiply income before income taxes for the reporting period with the estimated effective tax rate. "Income taxes-deferred" is included in "Income taxes."

(3) Changes in Principles, Procedures and Representation of Accounting Procedures for Preparation of Quarterly Consolidated Financial Statements:

None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

| | Millions of yen | |
|--|-----------------------------|-------------------------|
| | As of September 30, 2009 | As of March 31, 2009 |
| Assets | | |
| Current assets | | |
| Cash and deposits | ¥178,124 | ¥105,241 |
| Notes and accounts receivable-trade | 168,454 | 178,248 |
| Merchandise and finished goods | 108,691 | 133,740 |
| Work in process | 47,063 | 44,450 |
| Raw materials and supplies | 34,170 | 38,453 |
| Other | 33,227 | 36,803 |
| Allowance for doubtful accounts | (5,426) | (5,103) |
| Total current assets | 564,305 | 531,833 |
| Noncurrent assets | | |
| Property, plant and equipment | 242,765 | 243,082 |
| Intangible assets | | |
| Goodwill | 187,959 | 193,404 |
| Other | 9,555 | 9,400 |
| Total intangible assets | 197,515 | 202,804 |
| Investments and other assets | | |
| Investment securities | 109,132 | 94,346 |
| Other | 46,528 | 46,375 |
| Allowance for doubtful accounts | (1,013) | (1,026) |
| Total investments and other assets | 154,648 | 139,696 |
| Total noncurrent assets | 594,929 | 585,583 |
| Total assets | 1,159,234 | 1,117,417 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 82,858 | 80,138 |
| Short-term loans payable | 94,769 | 74,879 |
| Commercial papers | 30,000 | 120,000 |
| Current portion of bonds | 20,000 | 20,000 |
| Current portion of long-term loans payable | 2,569 | 9,418 |
| Income taxes payable | 10,244 | 8,742 |
| Provision for product warranties | 17,103 | 17,393 |
| Other | 92,099 | 98,553 |
| Total current liabilities | 349,646 | 429,124 |
| Noncurrent liabilities | | |
| Bonds payable | 100,000 | — |
| Long-term loans payable | 189,804 | 190,778 |
| Provision for retirement benefits | 3,679 | 3,939 |
| Other | 6,917 | 9,089 |
| Total noncurrent liabilities | 300,401 | 203,807 |
| Total liabilities | ¥650,047 | ¥632,931 |

| | Millions of yen | |
|---|-----------------------------|-------------------------|
| | As of September 30, 2009 | As of March 31, 2009 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | ¥85,032 | ¥85,032 |
| Capital surplus | 82,977 | 82,977 |
| Retained earnings | 371,369 | 366,836 |
| Treasury stock | (4,644) | (4,743) |
| Total shareholders' equity | 534,733 | 530,102 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | (6,092) | (15,397) |
| Deferred gains or losses on hedges | 285 | 464 |
| Foreign currency translation adjustment | (33,653) | (43,482) |
| Total valuation and translation adjustments | (39,460) | (58,415) |
| Subscription rights to shares | 1,015 | 764 |
| Minority interests | 12,897 | 12,035 |
| Total net assets | 509,186 | 484,485 |
| Total liabilities and net assets | ¥1,159,234 | ¥1,117,417 |

(2) Consolidated Statements of Income

For the Six Months Ended September 30, 2008 and 2009

| | Millions of yen | |
|---|--|--|
| | Six months ended September 30, 2008 | Six months ended September 30, 2009 |
| Net sales | ¥667,298 | ¥497,904 |
| Cost of sales | 443,479 | 346,746 |
| Gross profit | 223,818 | 151,157 |
| Selling, general and administrative expenses | 158,223 | 132,798 |
| Operating income | 65,594 | 18,358 |
| Non-operating income | | |
| Interest income | 1,123 | 890 |
| Dividends income | 1,172 | 998 |
| Other | 2,660 | 3,550 |
| Total non-operating income | 4,955 | 5,438 |
| Non-operating expenses | | |
| Interest expenses | 3,652 | 3,265 |
| Other | 3,813 | 2,607 |
| Total non-operating expenses | 7,466 | 5,873 |
| Ordinary income | 63,083 | 17,924 |
| Extraordinary income | | |
| Gain on sales of investment securities | 2 | 13 |
| Gain on reversal of subscription rights to shares | — | 12 |
| Other | — | 1 |
| Total extraordinary income | 2 | 27 |
| Extraordinary loss | | |
| Loss on disposal of noncurrent assets | 319 | 328 |
| Loss on valuation of investment securities | 416 | 135 |
| Other | — | 0 |
| Total extraordinary losses | 736 | 464 |
| Income before income taxes | 62,350 | 17,487 |
| Income taxes | 21,640 | 6,388 |
| Minority interests in income | 1,765 | 984 |
| Net income | ¥38,944 | ¥10,115 |

(3) Consolidated Statements of Cash Flows

| | Millions of yen | |
|--|--|--|
| | Six months ended September 30, 2008 | Six months ended September 30, 2009 |
| Net cash provided by (used in) operating activities | | |
| Income before income taxes | ¥62,350 | ¥17,487 |
| Depreciation | 21,094 | 19,909 |
| Amortization of goodwill | 6,282 | 5,909 |
| Increase (decrease) in allowance for doubtful accounts | 813 | 155 |
| Interest and dividends income | (2,295) | (1,888) |
| Interest expenses | 3,652 | 3,265 |
| Equity in (earnings) losses of affiliates | (459) | 17 |
| Loss (gain) on disposal of property, plant and equipment | 319 | 328 |
| Loss (gain) on sales of investment securities | (2) | (13) |
| Loss (gain) on valuation of investment securities | 416 | 135 |
| Decrease (increase) in notes and accounts receivable-trade | (12,041) | 14,313 |
| Decrease (increase) in inventories | (26,159) | 30,113 |
| Increase (decrease) in notes and accounts payable-trade | 3,027 | 508 |
| Increase (decrease) in provision for retirement benefits | 431 | (268) |
| Decrease (increase) in prepaid pension costs | (133) | 780 |
| Increase (decrease) in account payable for transaction to defined contribution pension plan | (3,273) | (3,369) |
| Other, net | (122) | (5,120) |
| Subtotal | 53,900 | 82,264 |
| Interest and dividends income received | 2,313 | 1,900 |
| Interest expenses paid | (4,113) | (3,174) |
| Income taxes paid | (17,904) | (2,537) |
| Net cash provided by (used in) operating activities | 34,197 | 78,452 |
| Net cash provided by (used in) investing activities | | |
| Purchase of property, plant and equipment | (26,881) | (17,178) |
| Proceeds from sales of property, plant and equipment | 242 | 369 |
| Purchase of investment securities | (6,372) | (400) |
| Proceeds from sales of investment securities | 4 | 33 |
| Net decrease (increase) in time deposits | — | (20,085) |
| Payments for transfer of business | (309) | (203) |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (591) | — |
| Purchase of investments in capital of subsidiaries resulting in change in scope of consolidation | (324) | (53) |
| Other, net | (2,303) | (2,034) |
| Net cash provided by (used in) investing activities | (36,536) | (39,552) |
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 17,522 | (70,759) |
| Proceeds from long-term loans payable | 9,697 | 205 |
| Repayment of long-term loans payable | (8,627) | (8,121) |
| Proceeds from issuance of bonds | — | 99,520 |
| Cash dividends paid | (5,550) | (5,545) |
| Cash dividends paid to minority shareholders | (1,652) | (2,032) |
| Other, net | (1,661) | (944) |
| Net cash provided by (used in) financing activities | 9,727 | 12,321 |
| Effect of exchange rate change on cash and cash equivalents | (4,318) | 1,459 |
| Net increase (decrease) in cash and cash equivalents | 3,070 | 52,680 |
| Cash and cash equivalents at beginning of period | 110,483 | 104,322 |
| Cash and cash equivalents at end of period | ¥113,554 | ¥157,003 |

(4) Notes to Going Concern Assumption

For the six months ended September 30, 2009 (April 1, 2009, to September 30, 2009)

None applicable

(5) Segment Information

Business Segments

For the six months (April 1, 2008, to September 30, 2008)

(Millions of yen)

| | Air-Conditioning and Refrigeration Equipment | Chemicals | Others | Total | Eliminations or Corporate | Consolidated |
|--------------------------------|--|-----------|--------|---------|------------------------------|--------------|
| Net sales | | | | | | |
| (1) Sales to outside customers | 587,649 | 60,982 | 18,666 | 667,298 | — | 667,298 |
| (2) Intersegment sales | 257 | 2,905 | 9 | 3,172 | (3,172) | — |
| Total | 587,906 | 63,887 | 18,675 | 670,470 | (3,172) | 667,298 |
| Operating income (loss) | 62,092 | 3,774 | (291) | 65,575 | 19 | 65,594 |

For the six months (April 1, 2009, to September 30, 2009)

(Millions of yen)

| | Air-Conditioning and Refrigeration Equipment | Chemicals | Others | Total | Eliminations or Corporate | Consolidated |
|--------------------------------|--|-----------|---------|---------|------------------------------|--------------|
| Net sales | | | | | | |
| (1) Sales to outside customers | 451,698 | 36,559 | 9,646 | 497,904 | — | 497,904 |
| (2) Intersegment sales | 161 | 1,795 | 6 | 1,963 | (1,963) | — |
| Total | 451,859 | 38,354 | 9,653 | 499,867 | (1,963) | 497,904 |
| Operating income (loss) | 22,723 | (1,873) | (2,572) | 18,278 | 79 | 18,358 |

- Notes:
- The business segmentation is determined by taking into account similarities of the type, manufacturing methods and sales methods of products.
 - The major products for the respective business segments are as follows:
 - Air-Conditioning and Refrigeration Equipment: Residential air-conditioning systems, Commercial air-conditioning systems and refrigeration equipment, Air-conditioning and refrigeration equipment for ships and Electronic systems
 - Chemicals: Fluorocarbon gas, Fluoroplastics, Chemical products and Chemical engineering machines
 - Others: Oil hydraulic equipment for industrial machinery, Oil hydraulic equipment for construction machinery and vehicles, Centralized lubrication units and systems, Ammunition and warheads for guided missiles, Aircraft parts

Geographical Segments

For the six months (April 1, 2008, to September 30, 2008)

(Millions of yen)

| | Japan | Asia and Oceania | Europe | Americas | Other | Total | Eliminations or corporate | Consolidated |
|--------------------------------|---------|------------------|---------|----------|-------|---------|---------------------------|--------------|
| Net sales | | | | | | | | |
| (1) Sales to outside customers | 262,292 | 151,640 | 184,676 | 64,472 | 4,215 | 667,298 | — | 667,298 |
| (2) Intersegment sales | 68,745 | 55,441 | 3,152 | 4,472 | 259 | 132,071 | (132,071) | — |
| Total | 331,038 | 207,081 | 187,828 | 68,945 | 4,475 | 799,369 | (132,071) | 667,298 |
| Operating income | 20,426 | 20,655 | 19,854 | 29 | 114 | 61,081 | 4,513 | 65,594 |

For the six months (April 1, 2009, to September 30, 2009)

(Millions of yen)

| | Japan | Asia and Oceania | Europe | Americas | Other | Total | Eliminations or corporate | Consolidated |
|--------------------------------|---------|------------------|---------|----------|-------|---------|---------------------------|--------------|
| Net sales | | | | | | | | |
| (1) Sales to outside customers | 198,577 | 118,943 | 123,894 | 49,488 | 6,999 | 497,904 | — | 497,904 |
| (2) Intersegment sales | 34,895 | 28,727 | 5,553 | 2,786 | 44 | 72,007 | (72,007) | — |
| Total | 233,472 | 147,671 | 129,448 | 52,275 | 7,043 | 569,911 | (72,007) | 497,904 |
| Operating income (loss) | (7,482) | 15,263 | 12,424 | (3,480) | 291 | 17,018 | 1,340 | 18,358 |

- Notes: 1. Countries and regions in the above geographical segments are where our consolidated subsidiaries are located.
2. Major countries and regions included in each regional segment except for Japan
- (1) Asia and Oceania: Thailand, Singapore, China, Hong Kong, Australia, India and Malaysia
 - (2) Europe: Belgium, Germany, France, Netherlands, Spain, Italy, England, Greece, Portugal, Czech Republic and Sweden
 - (3) Americas: U.S.A., Argentina, Mexico and Canada
 - (4) Other: South Africa, Saudi Arabia and UAE

Sales to Foreign Customers

For the six months (April 1, 2008, to September 30, 2008)

(Millions of yen)

| | Asia and Oceania | Europe | Americas | Other | Total |
|---|---------------------|---------|----------|--------|---------|
| I. Overseas sales | 164,752 | 175,124 | 68,769 | 17,082 | 425,728 |
| II. Consolidated sales | | | | | 667,298 |
| III. Ratio of overseas sales to consolidated sales | 24.7% | 26.2% | 10.3% | 2.6% | 63.8% |

For the six months (April 1, 2009, to September 30, 2009)

(Millions of yen)

| | Asia and Oceania | Europe | Americas | Other | Total |
|---|---------------------|---------|----------|--------|---------|
| I. Overseas sales | 125,724 | 117,856 | 53,221 | 11,881 | 308,683 |
| II. Consolidated sales | | | | | 497,904 |
| III. Ratio of overseas sales to consolidated sales | 25.3% | 23.7% | 10.7% | 2.4% | 62.0% |

- Notes: 1. Countries and regions in the above sales to foreign customers are where our major customers are located.
2. Major countries and regions included in each regional segment
- (1) Asia and Oceania: Thailand, Singapore, China, Hong Kong, Taiwan, Indonesia, Australia, India and Malaysia
 - (2) Europe: Belgium, Germany, France, Netherlands, Spain, Italy, England, Greece, Portugal, Russia and Sweden
 - (3) Americas: U.S.A., Argentina, Mexico and Canada
 - (4) Other: Middle East and Africa

(6) Notes in Case of Extreme Changes in the Amount of Shareholders' Equity

For the term of this Fiscal 2009 Second Quarter Statements of Income ended September 30, 2009 (April 1, 2009, to September 30, 2009)

None applicable

The above represents a translation, for reference and convenience only, of the original notice issued in Japanese. We did our utmost to ensure accuracy in our translation and believe it to be of the highest standard. However, due to differences of accounting, legal and other systems as well as of language, this English version might contain inaccuracies, and therefore might be inconsistent with the original intent imported from the Japanese. In the event of any discrepancies between the Japanese and English versions, the former shall prevail as the official version.

