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Press Release

April 28, 2005

**Establishment of Moscow Representative Office  
for Entry to the Russian Air Conditioning Market**

Daikin Industries, Ltd. (Head office: Osaka, Japan; President and COO: Yuki Yoshi Okano) will establish a Representative Office in Moscow, Russian Federation, under Daikin Europe N.V. on May 1, 2005.

The Moscow Representative Office will allow us to shift from a sales system based wholly on outside agents to one that incorporates our own marketing initiatives, strengthening both support for our agents/distributors and our market research efforts. We also intend to cultivate new agents/dealers in order to expand our share of the Russian air-conditioning market.

Russia is part of the fifth largest air-conditioning market in Europe (according to our estimates, they are, in order of size: Italy, Spain, France, UK, Germany/Russia/Greece, and "other"), and has been growing steadily despite unusually cool summers in 2003 and 2004. Russia itself constitutes the fourth largest market in Europe for residential-use room air-conditioners, because its summers are generally as hot as in Japan, and we believe that this market will continue to grow significantly. In addition, given the burgeoning construction of hotels, offices, stores and other buildings in big cities as well as the massive urban development projects underway, demand for commercial-use air-conditioners (multi-air-conditioners for buildings), one of our strengths, is also expected to grow. All in all, we believe that the Russian air-conditioning market will expand dramatically: it was around 4.2 billion yen in 2004, about double the year 2000, and is expected to exceed 60 billion yen in 2007.

We estimate our air-conditioning sales in Russia for fiscal 2004 at around 3.6 billion yen. While sales of commercial-use air-conditioners (multi-air-conditioners for buildings), our mainstay product, are growing steadily, we lag behind Korean manufacturers in the residential-use room air-conditioner market, which is the largest air-conditioning market in Russia. In light of this, we are setting up the Moscow Representative Office to strengthen sales support to our agents/distributors and aggressively expand our business in Russia, with a goal of around 8 billion yen in sales for fiscal 2007.

**[Outline of Moscow Representative Office]**

- 1) Name: Moscow Representative Office
- 2) Location: Moscow, Russian Federation
- 3) Date of establishment: May 1, 2005
- 4) Purpose: Market research and sales support to agents/distributors
- 5) Staff: 9 (2 from Japan and 7 local)

**[Outline of Daikin Europe N.V.]**

- 1) Company name: Daikin Europe N.V.
- 2) Location: Ostende, Kingdom of Belgium
- 3) Capital: Approx. 4 billion yen
- 4) Investment ratio: Wholly-owned subsidiary of Daikin Industries, Ltd.
- 5) Founding: March 1972
- 6) Representative: President Junichi Sato
- 7) Description of business: Production and sales of commercial-use air-conditioning equipment, etc.
- 8) Sales: Approx. 152 billion yen (for fiscal year ended March 2004, on a consolidated basis)
- 9) Staff: Approx. 1700

For more information, please contact:

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