

DENSO CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results of the Fiscal Year Ended March 31, 2006

1-1, Showa-cho, Kariya, Aichi 448-8661, Japan

Representative : Koichi Fukaya
President and CEO

Contact : Hiroyuki Tanaka
General Manager

Telephone : +81-566-25-5857

Fax : +81-566-25-4860

(URL <http://www.globaldenso.com>)

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DENSO CORPORATION

CODE: 6902

Listed on the Tokyo, Osaka
and Nagoya stock exchanges

Results of the fiscal year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)

(1) Operating Results

(Millions of yen, except per share figures)

	Year ended March 31, 2006	Year ended March 31, 2005
Net sales.....	3,188,330	2,799,949
% change from the previous corresponding period.....	13.9%	9.3%
Operating income.....	266,559	213,895
% change from the previous corresponding period.....	24.6%	13.4%
Income before income taxes and minority interests.....	271,854	223,446
% change from the previous corresponding period.....	21.7%	20.2%
Net income.....	169,648	132,620
% change from the previous corresponding period.....	27.9%	20.5%
Basic net income per share.....	204.80 yen	159.02 yen
Diluted net income per share	204.62 yen	158.96 yen
Return on shareholders' equity.....	9.4 %	8.4 %

Notes 1. Equity in earnings of affiliates Year ended March 31, 2006 : 1,549 millions of yen

Year ended March 31, 2005 : 2,340 millions of yen

2. "Basic net income per share" is based upon the average number of shares outstanding.

(2) Financial Position

(Millions of yen, except per share figures)

	As of March 31, 2006	As of March 31, 2005
Total assets.....	3,411,975	2,780,982
Shareholders' equity.....	1,970,388	1,643,182
Shareholders' equity ratio.....	57.7 %	59.1 %
Shareholders' equity per share.....	2,384.05 yen	1,990.48 yen

Note: "Shareholders' equity per share" is based upon the number of shares outstanding as of the respective balance sheet dates.

(3) Cash Flows

(Millions of yen)

	Year ended March 31, 2006	Year ended March 31, 2005
Net cash provided by operating activities.....	368,575	273,296
Net cash used in investing activities.....	(318,934)	(268,782)
Net cash provided by (used in) financing activities.....	25,460	(20,097)
Cash and Cash Equivalents at End of Period.....	313,611	231,846

(4) Consolidation Scope

Number of consolidated subsidiaries : 179

Number of unconsolidated subsidiaries : 9

Number of affiliates : 31 (Affiliates accounted for by the equity method : 31)

(5) Changes in Consolidation Scope and Application of the Equity Method

Consolidated subsidiaries

Added : 8

Excluded : 0

Companies accounted for by the equity method

Added : 4

Excluded : 2

Consolidated Balance Sheets

	Millions of yen		
Assets	As of Mar. 31, 2006	As of Mar. 31, 2005	Increase (Decrease)
Current Assets:			
Cash and cash equivalents	313,611	231,846	
Short-term investments	74,098	55,878	
Notes and accounts receivable, less allowance for doubtful accounts	589,731	517,219	
Inventories	287,571	248,821	
Deferred tax assets	53,912	49,450	
Other current assets	81,670	64,501	
Total current assets	1,400,593	1,167,715	232,878
Property, Plant and Equipment:			
Land	148,669	143,262	
Buildings and structures	624,599	586,642	
Machinery and equipment	2,104,812	1,904,873	
Construction in progress	93,689	76,286	
	2,971,769	2,711,063	
Less: Accumulated depreciation	(1,996,794)	(1,858,242)	
Net property, plant and equipment	974,975	852,821	122,154
Investments and Other Assets	1,036,407	760,446	275,961
Total	3,411,975	2,780,982	630,993

	Millions of yen		
Liabilities and Shareholders' Equity	As of Mar. 31, 2006	As of Mar. 31, 2005	Increase (Decrease)
Current Liabilities:			
Short-term borrowings	92,107	59,993	
Current portion of long-term debt	3,674	4,064	
Notes and accounts payable	446,057	383,160	
Income taxes payable	64,594	45,519	
Accrued expenses	189,426	172,482	
Other current liabilities	75,996	58,432	
Total current liabilities	871,854	723,650	148,204
Long-term Liabilities:			
Long-term debt	170,304	141,641	
Deferred tax liabilities	123,634	35,908	
Liability for employees' retirement benefits	166,998	151,842	
Other long-term liabilities	12,882	9,061	
Total long-term liabilities	473,818	338,452	135,366
Minority Interests	95,915	75,698	20,217
Shareholders' Equity:			
Common stock	187,457	187,457	
Capital surplus	266,182	266,051	
Retained earnings	1,329,974	1,191,370	
Net unrealized gain on available-for-sale securities	319,186	173,730	
Foreign currency translation adjustments	(14,562)	(55,608)	
Treasury stock at cost	(117,849)	(119,818)	
Total shareholders' equity	1,970,388	1,643,182	327,206
Total	3,411,975	2,780,982	630,993

Consolidated Statements of Income

	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Millions of yen Increase (Decrease)
Net Sales	3,188,330	2,799,949	388,381
Cost of Sales	2,622,998	2,309,713	
Gross profit	565,332	490,236	75,096
Selling, General and Administrative Expenses	298,773	276,341	
Operating income	266,559	213,895	52,664
Other Income (Expenses):			
Interest and dividend income	13,021	9,118	
Interest expense	(4,506)	(3,541)	
Equity in earnings of affiliates	1,549	2,340	
Charge for full amount of transitional obligation for employees' retirement benefits of subsidiaries in UK	(10,929)	-	
Factory removal expenses in subsidiary	(951)	-	
Impairment loss on investment securities	(177)	(108)	
Impairment loss on long-lived assets	(159)	(1,206)	
Other, net	7,447	2,948	
Income before income taxes and minority interests	271,854	223,446	48,408
Income Taxes:			
Current	104,346	90,110	
Deferred	(13,568)	(6,824)	
Minority Interests in Net Income	11,428	7,540	
Net income	169,648	132,620	37,028

Consolidated Statements of Shareholders' Equity

	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005
Millions of yen		
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Common Stock:		
Balance at beginning of period	187,457	187,457
Balance at end of period	187,457	187,457
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Capital Surplus:		
Balance at beginning of period	266,051	266,005
Gain on disposal of treasury stock	131	46
Balance at end of period	266,182	266,051
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Retained Earnings:		
Balance at beginning of period	1,191,370	1,080,996
Net income	169,648	132,620
Cash dividends	(30,546)	(21,686)
Bonuses to directors and corporate auditors	(498)	(560)
Balance at end of period	1,329,974	1,191,370
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Net Unrealized Gain on Available-for-sale Securities at End of Period	319,186	173,730
Foreign Currency Translation Adjustments at End of Period	(14,562)	(55,608)
Treasury Stock at End of Period	(117,849)	(119,818)
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Total Shareholders' Equity at End of Period	1,970,388	1,643,182
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Consolidated Statements of Cash Flows

	Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	Millions of yen Increase (Decrease)
Operating Activities:			
Income before income taxes and minority interests	271,854	223,446	
Adjustments for:			
Payment of income taxes	(84,671)	(92,606)	
Depreciation	185,143	160,993	
Impairment loss on long-lived assets	159	1,206	
Amortization of goodwill including impairment	(145)	225	
Increase in liability for retirement benefits	12,521	7,927	
Equity in earnings of affiliates	(1,549)	(2,340)	
Loss on sale or disposal of property, plant and equipment, net	5,761	5,422	
Foreign exchange (gain) loss	(1,467)	(2,758)	
Changes in assets and liabilities:			
(Increase) Decrease in notes and accounts receivable	(54,877)	(35,411)	
(Increase) Decrease in inventories	(22,503)	(27,932)	
Increase (Decrease) in notes and accounts payable	44,033	29,132	
(Decrease) Increase in defined contribution pension payable	(6,145)	(7,622)	
(Increase) Decrease in prepaid pension cost	(3,348)	(6,668)	
Other, net	23,809	20,282	
Total adjustments	96,721	49,850	46,871
Net cash provided by operating activities	368,575	273,296	95,279
Investing Activities:			
Acquisition of property, plant and equipment	(277,329)	(226,246)	
Purchase of available-for-sale securities	(89,139)	(89,623)	
Proceeds from sale and redemption of available-for-sale securities	54,986	54,229	
Other, net	(7,452)	(7,142)	
Net cash used in investing activities	(318,934)	(268,782)	(50,152)
Financing Activities:			
Net increase in short-term borrowings	30,142	8,387	
Proceeds from long-term borrowings	47,221	22,797	
Repayments of long-term borrowings	(21,403)	(5,539)	
Dividends paid	(30,546)	(21,686)	
Purchase of treasury stock	(83)	(23,875)	
Other, net	129	(181)	
Net cash provided by (used in) financing activities	25,460	(20,097)	45,557
Foreign Currency Translation Adjustments on			
Cash and Cash Equivalents	6,656	2,920	
Net Increase (Decrease) in Cash and Cash Equivalents	81,757	(12,663)	
Cash and Cash Equivalents at Beginning of Period	231,846	244,509	
Cash and Cash Equivalents of Newly Consolidated Subsidiary	8	-	
Cash and Cash Equivalents at End of Period	313,611	231,846	81,765

Segment Information

1. Geographical Segments (by company location)

			Millions of yen		
			Year ended Mar. 31, 2006	Year ended Mar. 31, 2005	
Sales	Japan	Customers	1,727,675	1,590,666	
		Intersegment	561,284	469,891	
		Total	2,288,959	2,060,557	
	The Americas	Customers	681,367	571,053	
		Intersegment	9,076	9,189	
		Total	690,443	580,242	
	Europe	Customers	414,243	367,082	
		Intersegment	8,804	6,968	
		Total	423,047	374,050	
	Asia & Oceania	Customers	365,045	271,148	
		Intersegment	30,064	19,757	
		Total	395,109	290,905	
	Eliminations			(609,228)	(505,805)
	Consolidated			3,188,330	2,799,949
Operating Income (Loss)	Japan		207,650	180,000	
	The Americas		21,875	23,638	
	Europe		1,554	(8,777)	
	Asia & Oceania		36,709	20,067	
	Eliminations		(1,229)	(1,033)	
	Consolidated			266,559	213,895
Assets	Japan		2,193,889	1,783,896	
	The Americas		354,150	287,455	
	Europe		283,163	251,753	
	Asia & Oceania		282,529	215,582	
	Corporate and eliminations		298,244	242,296	
	Consolidated			3,411,975	2,780,982

2. Sales by Customer Location

			Millions of yen	
			Year ended Mar. 31, 2006	Year ended Mar. 31, 2005
Japan			1,690,215	1,554,795
			53.0%	55.5%
The Americas			692,801	582,769
			21.7%	20.8%
Europe			414,674	367,588
			13.0%	13.1%
Asia & Oceania			380,541	287,627
			12.0%	10.3%
Others			10,099	7,170
			0.3%	0.3%
Net Sales			3,188,330	2,799,949