

DENSO CORPORATION and Consolidated Subsidiaries

Consolidated Financial Results for the Six Months Ended September 30, 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 for the six months ended September 30, 2006 (From April 1, 2006 to September 30, 2006)

(1) Operating Results

(Millions of yen, except per share figures)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Net sales.....	1,701,681	1,506,642	3,188,330
% change from the previous corresponding period.....	12.9%	11.2%	13.9%
Operating income.....	138,303	119,742	266,559
% change from the previous corresponding period.....	15.5%	11.6%	24.6%
Income before income taxes and minority interests...	147,406	119,308	271,854
% change from the previous corresponding period.....	23.6%	6.2%	21.7%
Net income.....	94,120	67,231	169,648
% change from the previous corresponding period.....	40.0%	1.2%	27.9%
Basic net income per share.....	114.30 yen	81.45 yen	204.80 yen
Diluted net income per share	114.16 yen	81.43 yen	204.62 yen

Notes 1. Equity in earnings of affiliates Six months ended September 30, 2006 : 663 millions of yen
Six months ended September 30, 2005 : 920 millions of yen
Year ended March 31, 2006 : 1,549 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 September 30, 2006	As of March 31, 2006	As of September 30, 2005
Total assets.....	3,464,496	3,411,975	3,018,301
Total equity.....	2,133,442	1,970,388	1,776,883
Equity ratio.....	58.7 %	57.7 %	58.9 %
Equity per share.....	2,475.49 yen	2,384.05 yen	2,151.76 yen

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

(3) Cash Flows

(Millions of yen)

	Six months ended September 30, 2006	Six months ended September 30, 2005	Year ended March 31, 2006
Net cash provided by operating activities.....	171,806	156,111	368,575
Net cash used in investing activities.....	(111,520)	(115,786)	(318,934)
Net cash (used in)provided by financing activities.	(34,367)	25,193	25,460
Cash and Cash Equivalents at End of Period.....	340,131	299,963	313,611

(4) Consolidation Scope

Number of consolidated subsidiaries : 177
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 : 0
Excluded : 2
Companies accounted for by the equity method
Added : 0
Excluded : 0

Consolidated Balance Sheets

Millions of yen				
Assets	As of Sep. 30, 2006	As of Mar. 31, 2006	Increase (Decrease)	As of Sep. 30, 2005
Current Assets:				
Cash and cash equivalents	340,131	313,611		299,963
Short-term investments	30,847	74,098		71,906
Notes and accounts receivable, less allowance for doubtful accounts	587,733	589,731		521,295
Inventories	306,334	287,571		269,033
Deferred tax assets	55,788	53,912		51,218
Other current assets	87,393	81,670		67,433
Total current assets	1,408,226	1,400,593	7,633	1,280,848
Property, Plant and Equipment:				
Land	148,628	148,669		146,359
Buildings and structures	634,014	624,599		602,323
Machinery and equipment	2,207,157	2,104,812		1,988,649
Construction in progress	104,808	93,689		95,762
	3,094,607	2,971,769		2,833,093
Less: Accumulated depreciation	(2,075,236)	(1,996,794)		(1,929,590)
Net property, plant and equipment	1,019,371	974,975	44,396	903,503
Investments and Other Assets	1,036,899	1,036,407	492	833,950
Total	3,464,496	3,411,975	52,521	3,018,301

Millions of yen				
Liabilities and Equity	As of Sep. 30, 2006	As of Mar. 31, 2006	Increase (Decrease)	As of Sep. 30, 2005
Current Liabilities:				
Short-term borrowings	72,251	92,107		87,829
Current portion of long-term debt	52,477	3,674		3,062
Notes and accounts payable	438,887	446,057		380,259
Income taxes payable	50,060	64,594		50,223
Accrued expenses	196,161	189,426		167,281
Other current liabilities	73,008	75,996		59,902
Total current liabilities	882,844	871,854	10,990	748,556
Long-term Liabilities:				
Long-term debt	148,142	170,304		156,536
Liability for employees' retirement benefits	169,829	123,634		166,830
Deferred tax liabilities	117,217	166,998		74,841
Other long-term liabilities	13,022	12,882		10,357
Total long-term liabilities	448,210	473,818	(25,608)	408,564
Shareholders' Equity:				
Common stock	187,457	187,457		187,457
Capital surplus	266,339	266,182		266,112
Retained earnings	1,407,019	1,329,974		1,242,422
Treasury stock - at cost	(137,145)	(117,849)		(118,808)
Total shareholders' equity	1,723,670	1,665,764	57,906	1,577,183
Variance of the Estimate/Conversion:				
Unrealized gain on available-for-sale securities	317,766	319,186		237,718
Deferred gain (loss) on derivatives under hedge accounting	(1,387)	-		-
Foreign currency translation adjustments	(6,336)	(14,562)		(38,018)
Total variance of the estimate/conversion	310,043	304,624	5,419	199,700
Stock Acquisition Rights	73	-	73	-
Minority Interests	99,656	95,915	3,741	84,298
Total equity	2,133,442	2,066,303	67,139	1,861,181
Total	3,464,496	3,411,975	52,521	3,018,301

Consolidated Statements of Income

	Six months ended Sep. 30, 2006	Six months ended Sep. 30, 2005	Increase (Decrease)	Millions of yen Year ended Mar. 31, 2006
Net Sales	1,701,681	1,506,642	195,039	3,188,330
Cost of Sales	1,412,975	1,246,665	166,310	2,622,998
Gross profit	288,706	259,977	28,729	565,332
Selling, General and Administrative Expenses	150,403	140,235		298,773
Operating income	138,303	119,742	18,561	266,559
Other Income (Expenses):				
Interest and dividend income	8,885	6,461		13,021
Interest expense	(2,710)	(2,031)		(4,506)
Equity in earnings of affiliates	663	920		1,549
Reversal of allowance-doubtful accounts	301	-		-
Impairment loss on long-lived assets	(970)	(159)		(159)
Impairment loss on investment securities	(280)	(161)		(177)
Gain on exemption from future pension obligation of the governmental program	-	1,016		-
Charge for full amount of transitional obligation for employees' retirement benefits of subsidiaries in UK	-	(10,929)		(10,929)
Factory removal expenses of a subsidiary	-	-		(951)
Other, net	3,214	4,449		7,447
Income before income taxes and minority interests	147,406	119,308	28,098	271,854
Income Taxes:				
Current	53,643	48,989		104,346
Deferred	(6,216)	(1,732)		(13,568)
Minority Interests in Net Income	5,859	4,820		11,428
Net income	94,120	67,231	26,889	169,648

Statement of Changes in Equity

	Millions of yen		
	Six months ended Sep. 30, 2006	Six months ended Sep. 30, 2005	Year ended Mar. 31, 2006
Common Stock:			
Balance at beginning of period	187,457	187,457	187,457
Balance at end of period	187,457	187,457	187,457
Capital Surplus:			
Balance at beginning of period	266,182	266,051	266,051
Gain on disposal of treasury stock	157	61	131
Balance at end of period	266,339	266,112	266,182
Retained Earnings:			
Balance at beginning of period	1,329,974	1,191,370	1,191,370
Net income	94,120	67,231	169,648
Cash dividends	(16,526)	(15,681)	(30,546)
Bonuses to directors and corporate auditors	(549)	(498)	(498)
Balance at end of period	1,407,019	1,242,422	1,329,974
Treasury Stock – at cost:			
Balance at beginning of period	(117,849)	–	–
Purchase of treasury stock	(20,130)	–	–
Disposal of treasury stock	834	–	–
Balance at end of period	(137,145)	(118,808)	(117,849)
Unrealized Gain on Available-for-sale Securities:			
Balance at beginning of period	319,186	–	–
Net change	(1,420)	–	–
Balance at end of period	317,766	2,377,718	319,186
Deferred Gain (Loss) on Derivatives under Hedge Accounting:			
Balance at beginning of period	–	–	–
Net change	(1,387)	–	–
Balance at end of period	(1,387)	–	–
Foreign Currency Translation Adjustments:			
Balance at beginning of period	(14,562)	–	–
Net change	8,226	–	–
Balance at end of period	(6,336)	(38,018)	(14,562)
Stock Acquisition Rights			
Balance at beginning of period	–	–	–
Net change	73	–	–
Balance at end of period	73	–	–
Minority Interests			
Balance at beginning of period	95,915	–	–
Net change	3,741	–	–
Balance at end of period	99,656	84,298	95,915
Total Equity at End of Period	2,129,628	1,861,181	2,066,303

Consolidated Statements of Cash Flows

	Millions of yen		
	Six months ended Sep. 30, 2006	Six months ended Sep. 30, 2005	Year ended Mar. 31, 2006
Operating Activities:			
Income before income taxes and minority interests	147,406	119,308	271,854
Adjustments for:			
Payment of income taxes	(70,635)	(44,683)	(84,671)
Depreciation	105,364	87,580	185,143
Impairment loss on long-lived assets	970	159	159
Amortization of goodwill including impairment	(80)	(66)	(145)
Increase (Decrease) in liability for retirement benefits	1,906	13,113	12,521
Equity in earnings of affiliates	(663)	(920)	(1,549)
Loss on sale or disposal of property, plant and equipment, net	1,697	1,955	5,761
Foreign exchange (gain) loss	(712)	(741)	(1,467)
Changes in assets and liabilities:			
Decrease (Increase) in notes and accounts receivable	7,917	913	(54,877)
(Increase) Decrease in inventories	(14,935)	(13,063)	(22,503)
(Decrease) Increase in notes and accounts payable	(10,725)	(8,602)	44,033
(Decrease) Increase in defined contribution pension payable	(525)	(6,142)	(6,145)
(Increase) Decrease in prepaid pension cost	(3,510)	(1,791)	(3,348)
Other, net	8,331	9,091	23,809
Total adjustments	24,400	36,803	96,721
Net cash provided by operating activities	171,806	156,111	368,575
Investing Activities:			
Acquisition of property, plant and equipment	(152,238)	(132,062)	(277,329)
Purchase of available-for-sale securities	(23,175)	(26,017)	(89,139)
Proceeds from sale and redemption of available-for-sale securities	63,836	48,235	54,986
Other, net	57	(5,942)	(7,452)
Net cash used in investing activities	(111,520)	(115,786)	(318,934)
Financing Activities:			
Net (decrease) increase in short-term borrowings	(21,906)	28,518	30,142
Proceeds from long-term borrowings	30,941	21,459	47,221
Repayments of long-term borrowings	(4,965)	(8,174)	(21,403)
Dividends paid	(16,526)	(15,681)	(30,546)
Purchase of treasury stock	(20,130)	(33)	(83)
Other, net	(1,781)	(896)	129
Net cash (used in) provided by financing activities	(34,367)	25,193	25,460
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	601	2,599	6,656
Net Increase in Cash and Cash Equivalents	26,520	68,117	81,757
Cash and Cash Equivalents at Beginning of Period	313,611	231,846	231,846
Cash and Cash Equivalents of Newly Consolidated Subsidiary	-	-	8
Cash and Cash Equivalents at End of Period	340,131	299,963	313,611

Segment Information

1. Geographical Segments (by company location)

		Millions of yen			
		Six months ended Sep. 30, 2006	Six months ended Sep. 30, 2005	Year ended Mar. 31, 2006	
Sales	Japan	Customers	903,770	820,785	1,727,675
		Intersegment	306,984	260,454	561,284
		Total	1,210,754	1,081,239	2,288,959
	The Americas	Customers	365,330	322,822	681,367
		Intersegment	5,702	4,261	9,076
		Total	371,032	327,083	690,443
	Europe	Customers	233,200	192,538	414,243
		Intersegment	5,588	3,842	8,804
		Total	238,788	196,380	423,047
	Asia & Oceania	Customers	199,381	170,497	365,045
		Intersegment	18,633	13,124	30,064
		Total	218,014	183,621	395,109
	Eliminations		(336,907)	(281,681)	(609,228)
	Consolidated		1,701,681	1,506,642	3,188,330
	Operating Income (Loss)	Japan	97,750	92,096	207,650
The Americas		13,618	11,834	21,875	
Europe		5,109	(816)	1,554	
Asia & Oceania		21,376	16,454	36,709	
Eliminations		450	174	(1,229)	
Consolidated		138,303	119,742	266,559	

2. Sales by Customer Location

		Millions of yen		
		Six months ended Sep. 30, 2006	Six months ended Sep. 30, 2005	Year ended Mar. 31, 2006
Japan		878,099	803,637	1,690,215
		51.6%	53.3%	53.0%
The Americas		373,518	328,119	692,801
		22.0%	21.8%	21.7%
Europe		233,961	193,186	414,674
		13.7%	12.8%	13.0%
Asia & Oceania		210,208	177,542	380,541
		12.4%	11.8%	12.0%
Others		5,895	4,158	10,099
		0.3%	0.3%	0.3%
Net Sales		1,701,681	1,506,642	3,188,330